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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - November 14, 2008

11. The following are brief items of interest compiled by Embassy Minsk.

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Civil Society

12. Kurapaty Vandals Face Criminal Charges

On November 11, police opened a criminal case against the two vandals detained by Conservative Christian Party members at Kurapaty on November 1. The vandals face heavy fines or jail sentences of up to three years. Prominent civil society representatives expressed hope that prosecution of the vandals would discourage further such incidents and that they would be "justly" convicted.

13. Malady Front Members Sentenced to Jail

On November 10, a Minsk district court sentenced five MF activists to three days in jail for violating regulations governing mass events and holding an unauthorized rally. All five were released after the proceedings, as they had been held awaiting trial since their arrest on November 7 for demonstrating against communism in front of the BKGB headquarters in downtown Minsk.

14. Catholics Continue Fasting to Return Former Monastery

Approximately seventy St. Joseph Roman Catholic community members and their supporters continue to fast and pray for the return of former Bernardine monastery buildings in central Minsk. A community representative told the media on November 10 that the fasting believers had no health problems and were regularly seen by doctors.

They had committed to abstaining from food until Minsk city authorities drop their plans to convert the buildings into an entertainment center and return them to the Catholics.

15. Entrepreneurs Leader Warned

The Borisov prosecutor's office warned the leader of the For Free Development of Entrepreneurship movement, Viktor Gorbachyov, on November 10, threatening him with administrative and criminal charges for acting on behalf of an unregistered organization and allegedly calling for unsanctioned demonstrations. The warnings stemmed from Gorbachyov's interviews with online media in which he voiced concerns over increased impediments to small business development in Belarus. He linked the pressure by law enforcers with the protests announced by entrepreneurs to be held in early December. Gorbachyov noted that he will now be "more careful" in making such statements.

16. Regional Independent Newspaper Warned

The Borisov-based independent newspaper Borisovskie Novosti received a warning from the Information Ministry on November 11. The letter, signed by Deputy Minister Liliya Ananich on November 4, stated that the Central Election Commission sent a complaint to the Ministry about a newspaper article that allegedly contained "inaccurate" information about violations during the parliamentary elections.

Domestic Economy

17. National Bank Raises Refinancing Rate to 11 Percent

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According to the press service of Belarus' National Bank, the refinancing rate was raised from 10.75 to 11 percent from November 12. The Bank plans to raise it further later this year to match the projected inflation rate of 14 percent. The National Bank says it wants more money in savings accounts in Belarusian banks in the hopes that this will help secure a sufficient money supply from which to issue loans to businesses and individuals. Currently, interest on deposits and loans are 11-14 percent and 14-17 percent, respectively.

18. Belarus' Reserves Decreased Through October

According to press reports, Belarus' hard currency, gold and precious stones reserves fell as of November 1 by more than 3 percent both by local and International Monetary Fund (IMF) standards to USD 4.8 billion and USD 4 billion, respectively. In 2007, the country saw a three-fold increase in reserves and had planned to secure USD 5.5 billion by the end of this year and USD 10 billion by 2011.

19. Lower Gasoline and Diesel Prices Deemed "Inexpedient"

An unnamed GOB source told Prime-Tass news agency on November 10 that experts from major governmental agencies reviewed high gasoline and diesel prices on the domestic market and decided to maintain their current level. They believe it would be "inexpedient" to lower them in view of falling world oil prices because this would require the GOB to pay higher subsidies to oil refineries.

110. Russia and Belarus to Sign USD 2 Billion Loan Agreement

Speaking to Prime-Tass news service on November 11, Russian Embassy Economic Counselor Andrei Kuznetsov reiterated that Russia and Belarus will sign USD 2 billion loan agreement by the end of November. The parties will also sign a Memorandum laying out a plan of joint economic activities, including methods and peculiarities of mutual payments. The first part of the loan, USD 1 billion, should be issued in November, while the remaining part will be issued in the first quarter of 2009.

111. National Bank to Ensure Fair Treatment of Customers by

Commercial Banks

The head of the National Bank Monitoring Section Sergei Dubkov told an international conference in Minsk on November 12 that the Bank would oblige all commercial banks to disclose all information related to interest rates and fees on all issued loans starting on January 1, 2009. The decision is intended to help secure fair and transparent services to customers.

----- Quote of the Week -----

[¶12](#). In an interview with the Wall Street Journal on November 11, commenting on U.S.-Belarusian relations, President Lukashenka said:

Everything depends on the U.S. If America is interested in developing our relations without putting up any additional barriers or preliminary conditions, we will make a serious step forward in this regard, and the Americans will be happy about their cooperation with Belarus . . . I believe the Americans realized that Belarus is a key country in Europe with which they need to cooperate."

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